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IN THE

Supreme Court of the United States

OCTOBER TERM, 1970.

No. 1165

THE FIRESTONE TIRE & RUBBER COMPANY,
Petitioner,

vs.

THE GENERAL TIRE & RUBBER COMPANY,
Respondent.

RESPONDENT'S BRIEF IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI.

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RESPONDENT'S BRIEF IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI.

The General Tire & Rubber Company, respondent herein, respectfully submits that the petition for writ of certiorari filed by The Firestone Tire & Rubber Company is wholly without merit and prays that the petition be denied.

OPINIONS BELOW.

Firestone's petition has not set out the opinion of the United States Court of Appeals for the Fourth Circuit, reported at 373 F. 2d 361. This opinion is referred to and relied upon in the memorandum opinion of the District Court for the Northern District of Ohio (Firestone App. B) which petitioner here seeks to reverse, and it is the decision which vacated the order and, accordingly, the decision and "findings" of the District Court for the District of Maryland (Firestone App. C), upon which Firestone here relies.

The Fourth Circuit opinion is reprinted in Appendix A hereto, pp. 1a-18a. The formal writ of mandamus which issued with that opinion is reprinted in Appendix B hereto, p. 19a.

STATEMENT OF THE CASE.

A detailed background of this case appears in the opinion of the Fourth Circuit (App. A hereto). Briefly it is as follows:

On March 30, 1961, Firestone filed a complaint in the federal district court in Baltimore, Maryland (hereafter the "Baltimore case") seeking a declaration of invalidity, license, and non-infringement of General's patent 2,964,083. On April 4, 1961, General filed a complaint in the federal district court in Cleveland, Ohio (hereafter the "Cleveland case") charging Firestone with infringement of said patent.* On October 23, 1961, General also filed a counterclaim in the Baltimore case charging Firestone with infringement of said patent.

Trial commenced in Baltimore on April 15, 1964, and proceeded on a 4-day per week basis (except for vacations and holidays).

On June 28, 1966, General, in Baltimore, renewed its earlier motion to transfer or in the alternative to dismiss Firestone's declaratory complaint. By this motion General also sought attorneys' fees and the imposition of sanctions as a result of fraudulent conduct on the part of Firestone. This motion was denied by the Baltimore court by letter order dated September 26, 1966 (See App. C hereto, p. 20a). On October 17, 1966 (three weeks later), the Baltimore court entered an opinion and findings in support of its order of September 26 (Firestone App. C, p. 19a).

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* Prior to March 30, 1961, General had sued Goodyear and Uniroyal for infringement in Cleveland.

On October 21, 1966, General filed a petition for writ of mandamus in the Fourth Circuit seeking transfer or dismissal of the Baltimore complaint and assessment of attorneys' fees for fraud. Oral argument was had December 5, 1966, and on January 11, 1967, the United States Court of Appeals for the Fourth Circuit, sitting *en banc*, ordered the Baltimore case to be transferred to Cleveland (App. A hereto). The next day the formal writ of mandamus issued from the Fourth Circuit. This writ (App. B hereto) directed the Baltimore court to transfer the case and to vacate its order of September 26, 1966, which had denied General's motion to transfer or in the alternative to dismiss for fraud *and* which had denied its motion for sanctions and attorneys' fees arising from said fraud.

Firestone's petition for certiorari to review the decision of the Fourth Circuit was denied by this Court March 13, 1967 (386 U. S. 960).

On April 14, 1969, General moved in Cleveland to dismiss the Baltimore declaratory judgment action (but not the counterclaim) for fraud. On June 22, 1970, the Cleveland court, by Chief Judge Battisti, entered an order granting that motion and dismissing Firestone's declaratory complaint in the Baltimore action for fraud and unclean hands. The Cleveland court's memorandum and order also consolidated the Baltimore infringement counterclaim and all other litigable issues in the Baltimore case with General's infringement complaint in the Cleveland case; deferred consideration of the question of attorneys' fees, damages, and sanctions arising from the determination of fraud; and set a trial date on all outstanding issues for September 28, 1970 (Firestone App. B, pp. 14a-15a).

On June 29, 1970, Firestone filed a notice of appeal from the Cleveland court's order. On July 7, 1970, General filed a motion to dismiss the appeal for lack of jurisdiction

in that the order appealed from was not "final" within the meaning of 28 U. S. C. 1291. On July 21, 1970, Firestone sought an order from the Sixth Circuit staying the trial then due to commence September 28, 1970. On August 6, 1970, the Sixth Circuit granted General's motion to dismiss Firestone's appeal and denied Firestone's motion to stay the trial (Firestone App. A).

Trial commenced in Cleveland on the consolidated cases on September 30, 1970, *and is completed*, except for preparation of final post trial briefs.

REASONS FOR DENYING THE WRIT.

I. The Order Appealed From Was Not Final.

Firestone says the Cleveland court's order was final because it "dismissed the entire declaratory judgment action instituted by Firestone" in Baltimore (Petition, p. 15). So it did. But Firestone would have this Court overlook the fact that: (a) General's counterclaim for infringement in Baltimore was not dismissed, but, together with all other litigable issues in the Baltimore case, was consolidated and tried with the now completed Cleveland case; (b) the imposition of attorneys' fees, damages, and sanctions growing out of the determination of fraud was reserved for consideration after trial of the other issues and, indeed, during the consolidated trial Firestone offered evidence said by it to relate to these very matters; and (c) both parties proceeded at trial on the basis that the Cleveland and Baltimore infringement cases had been formally consolidated by the Cleveland court's memorandum and order of June 22, 1970, the Baltimore record being incorporated in part into the Cleveland case.

The Baltimore declaratory judgment complaint sought a determination that General's patent was invalid, licensed

and not infringed. These identical issues are involved in both the Baltimore counterclaim and the Cleveland infringement action. Dismissal of the declaratory complaint did not settle, remove, or affect these issues. Even in Baltimore the case was tried as if it were only on the counterclaim, with defendant having the opening.

The Sixth Circuit, in light of the above, clearly recognized the non-finality of the Cleveland court's order. In its dismissal of Firestone's appeal, the Sixth Circuit properly balanced the "competing considerations" of piecemeal review on the one hand and the possibility of damage through delay on the other, and specifically followed the rule on finality laid down by this Court in *Gillespie* v. *United States Steel Corp.*, 379 U. S. 148 (1964) and *Dickinson* v. *Petroleum Conversion Corp.*, 338 U. S. 507 (1950).

II. There Is No Compelling Reason for Immediate Appellate Review of the Non-Final Order.

Firestone contends that even if the order in question were not final, review still should have been granted because the determination of fraud has an adverse effect on the reputations of Firestone and its Baltimore counsel.* Thus, Firestone now argues that this adverse personal effect should be considered as conferring jurisdiction on the court of appeals to hear the appeal even though no such jurisdiction is conferred by statute. The short answer to this contention is that the Cleveland trial is now over and, in all likelihood, *all* issues, including fraud, will be presented to the court of appeals sooner in the normal course than if this Court were to grant certiorari and were subsequently to order the court of appeals to hear the fraud issue separately.

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* Firestone retained other counsel after the transfer of the Baltimore case and its present outside counsel were not involved in any of the conduct found to be fraudulent.

It also should be noted that the Cleveland court's memorandum decision has not been published in any of the reporters and, in response to the request of Firestone's Baltimore counsel that it not be published,* that court has said it was not intended to be and will not be.

There is no conflict with *Cohen* v. *Beneficial Loan Corp.*, 337 U. S. 541 (1949), nor with *Forgay* v. *Conrad*, 6 How. 201 (1848). A denial of this petition will not delay appellate review and will not prejudice, much less irreparably damage, either Firestone or its Baltimore counsel.

III. There Is No Compelling Reason for This Court to Review the Cleveland Court's Decision Before Review by the Sixth Circuit.

Apparently recognizing that all of the issues presented in this petition will shortly be before the court of appeals for review in the ordinary course, Firestone has sought to bypass that court entirely with its extraordinary request that this Court decide the fraud issue *before* any review by the court of appeals, pursuant to Rule 20 of this Court and 28 U. S. C. 1254(1).

It should be noted at the outset that Rule 20, by its terms, applies only to cases "pending in a court of appeals." Since the appeal here has been dismissed, there is nothing pending in the court of appeals and therefore Firestone's contention fails for that reason alone.

Firestone's contention that this Court should immediately review the fraud issue on the merits also fails because Firestone has not filed or designated any record in this Court, nor can it. There was no record in the court of appeals because the appeal was dismissed before the record was due to be sent up.

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*This was the only relief sought by Firestone's Baltimore counsel.

Further, it can hardly be said that this case presents the requisite issues of "such imperative public importance as to justify the deviation from normal appellate processes" (Rule 20). Review before judgment in the courts of appeals has been extremely sparingly employed by this Court for obvious reasons. When used, it has been to determine issues truly of imperative public importance such as President Truman's seizure of the steel industry in 1952. *Youngstown Sheet & Tube Co. v. Sawyer*, 343 U. S. 579 (1952).

The only ground advanced by Firestone to warrant the application of Rule 20 is that the Cleveland court should not have reopened the Baltimore court's decision. Firestone has not contended that the Cleveland court did not have jurisdiction to reopen; it merely argues that, applying principles of comity, the court should not have.

A. Firestone says that one district judge should not reverse another.* The Cleveland court's ruling does not constitute any such reversal. The fact is that the Fourth Circuit not only ordered the Baltimore case transferred, but also *vacated* the Baltimore district court's order of September 26, 1966, which had denied General's motion for imposition of sanctions and assessment of attorneys' fees arising from Firestone's fraud. This order being vacated, the findings made on October 17, 1966 in support of the order also are obviously vacated (See the Cleveland court's opinion, Firestone App., p. 7a). That this was the intent of the Fourth Circuit is clear not only from the fact that it vacated the Baltimore court's order, but also from the statement in its opinion that it was not "denigrating the importance of these issues [the fraud] in the ultimate assessment of costs between the parties"(App. A herein.

* During the course of the Cleveland trial, Firestone filed a motion asking the Cleveland court to reconsider scores of rulings made by the Baltimore court.

p. 13a). Who then could determine the ultimate importance of these issues but the Cleveland district court?

B. Firestone says the Cleveland court should be foreclosed from reconsideration of the fraud issue because the record in Cleveland is the same as it was in Baltimore. The record is not the same in at least two respects:

(1) The Baltimore court did not have before it the statements of Firestone's Baltimore counsel, made in open court December 5, 1966, in response to interrogation by the Court of Appeals for the Fourth Circuit. This interrogation is set out in Appendix D hereto, pp. 21a-27a, and referred to in the Cleveland court's opinion (Firestone App., p. 8a). General had sought in vain to have the Baltimore court interrogate Firestone's counsel, but the request was refused.

(2) Prior to the hearing before the Cleveland court, Firestone's counsel maintained that justice could not be done without all the facts and that he would bring all of the principals in the fraud before that court to explain everything (See App. E hereto, pp. 28a-29a.) *None* was brought; a fact giving rise to a permissible inference that no explanation could be made. *Mammoth Oil Co.* v. *United States*, 275 U. S. 13, 51-52 (1927); *Interstate Circuit, Inc.* v. *United States*, 306 U. S. 208, 225-226 (1939).

C. Firestone says that the Cleveland court should be compelled to respect the Baltimore court's ruling that it was not personally deceived. This argument begs the relevant question. Actual deception is not the question and was not passed on by the Cleveland court; it is the attempt to deceive with deliberate misrepresentations of fact and the setting up of a sham arrangement to cover the misrepresentation that is and was found by the Cleveland court to be determinative. *Hazel-Atlas Glass Co.* v. *Hartford-Empire Co.*, 322 U. S. 238, 244-47 (1944).

In summary, there is no reason why the issues presented by Firestone's petition should not be heard and resolved by the Sixth Circuit with the other issues in this case in the normal course. That court can best sift and refine the issues in the first instance, leaving the Supreme Court in a much better position to then review them if it so desires.*

CONCLUSION.

This case presents no conflict of decisions between the circuits and none is alleged. Neither does Firestone contend it presents any question of finality which has not been settled by this Court. The courts below have followed, not departed from, the rule of finality in *Gillespie, Cohen,* and *Forgay.* No issue has been presented which is of "such imperative importance as to justify the deviation from normal appellate processes". Trial in the District court is completed and this case should be permitted to follow the normal channels of appellate review. Firestone's petition should be denied.

Respectfully submitted,

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MERRIAM, MARSHALL, SHAPIRO
& KLOSE,
30 West Monroe Street,
Chicago, Illinois 60603,
Attorney for Respondent.

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* As an example of the desirability of leaving the job of sifting and refining to the court of appeals, it is necessary to call this Court's attention to the fact that General filed an affidavit of prejudice against the Baltimore court. While the question was determined adversely to General in Baltimore, it nevertheless is entitled to appellate review of the question; a review which would be denied General if Firestone's direct appeal to this Court were allowed.

APPENDIX A.

No. 10993.

UNITED STATES COURT OF APPEALS

For the Fourth Circuit.

THE GENERAL TIRE & RUBBER COMPANY,
Petitioner,

vs.

THE HONORABLE R. DORSEY WATKINS, United States District Judge for the District of Maryland,
Respondent.

THE FIRESTONE TIRE & RUBBER COMPANY,
Intervenor.

Before: HAYNSWORTH, *Chief Judge*, and SOBELOFF, BOREMAN, BRYAN, J. SPENCER BELL, WINTER and CRAVEN, *Circuit Judges.*

BY THE COURT:

On April 13, 1961, the petitioner, General Tire and Rubber Company, filed a motion to transfer Civil Action No. 12,932, Firestone Tire & Rubber Co. v. General Tire & Rubber Co., now pending in the District of Maryland, to the United States District Court for the Northern District of Ohio, Eastern Division. On July 6, 1961, the district court denied the motion without prejudice to renew upon subsequent change of conditions. On September 6, 1963, the motion was renewed, and on October 14th of that year the district court again denied the motion. On January 7, 1964, this court declined to issue a writ of mandamus. On June

25, 1966, General again renewed its motion to transfer the case to the Northern District of Ohio or in the alternative to dismiss the action because of an attempt on the part of the plaintiff Firestone Tire and Rubber Company to practice a fraud against the court. General again seeks a mandamus directing the district court either to transfer the case to the Northern District of Ohio or in the alternative to dismiss.

We are unanimously of the opinion that the case should be transferred to the Northern District of Ohio in order to prevent an extravagantly wasteful and useless duplication of the time and effort of the federal courts by the simultaneous trial of two complex and elaborate cases involving substantially the same factual issues.

Our decision of January 1964[1] declining to issue the writ on the grounds that the record at that time did not disclose that the trial court had abused its discretion was premised upon two principal factors: (1) that McCreary Tire and Rubber Company, the customer of Firestone, was an independent coequal party plaintiff against whom alone a patent suit could not be brought in Ohio for reasons of venue, and (2) the plaintiffs and the court confidently predicted that the Maryland case would be reached and disposed of before trial of its sister cases could be started in Ohio. Three years later we again consider the case upon a renewal of the motion to transfer. McCreary is no longer a party, having changed counsel sometime after the death of Mr. McCreary, Sr., and settled with General Tire on July 18, 1966. In a colloquy engaged in by the remaining parties and the court on the record for the information of this court, the plaintiff Firestone and the court "hoped" that the case might be completed by September of 1967, although apparently further depositions to be taken abroad are contemplated. In a suit on the same patent against the United

1. General Tire & Rubber Co. v. Watkins, 4 Cir., 326 F. 2d 926.

States Rubber Company in Ohio pretrial has been completed and that case set to commence on March 1, 1967. We are now faced with the fact that not only has the Maryland case failed promptly to settle the issues between the parties but on the contrary both suits will be in the process of trial simultaneously for at least nine months of the coming year involving the same patent and consequently many common issues of fact and law. A brief history of the action is necessary to understand the issues.

On December 13, 1960, General Tire and Rubber Company filed two separate suits against the Goodyear Tire and Rubber Company and the United States Rubber Company upon Patent No. 2,964,083 in the Northern District of Ohio. These suits were subsequently consolidated. At the same time it wrote Firestone and others offering licenses under the patent.

On March 17, 1961, a meeting was held among counsel for Goodyear, U. S. Rubber and Firestone at which the possibility of a declaratory judgment suit by Firestone was discussed.

On March 30, 1961, a telephone conversation took place between Mr. Irons, counsel for Firestone, and Mr. McCreary, Sr., relating to McCreary's becoming a party plaintiff in the declaratory judgment suit.

On March 30, 1961, the declaratory judgment suit was commenced in Maryland by Firestone Tire and Rubber Company and McCreary Tire and Rubber Company for a declaratory judgment of invalidity and noninfringement of the same patent as that involved in the Ohio suits.

On April 4th and 6th, 1961, General filed suits in Ohio against Firestone and McCreary for infringement of this same patent.

On April 13, 1961, General moved for a transfer of the Maryland suit to Ohio.

On May 9, 1961, a telephone conversation took place between Mr. Birch, counsel for Firestone, and Mr. McCreary, Sr., regarding the billing of McCreary Tire and Rubber for fees and expenses.

On July 6, 1961, the transfer motion of April 13th was heard, and the district court in an oral opinion rendered the same day denied General's motion to transfer without prejudice to renewal upon changed conditions and enjoined General from prosecuting its Ohio cases against the Maryland plaintiffs.

In October 1961 McCreary, Sr., filed answers to interrogatories of General in which he denied that he had any agreement with Firestone concerning the prosecution of this suit, and in August of 1962 Mr. Clark, house patent counsel for Firestone, deposed to the same effect.

On September 6, 1963, General renewed its motion to transfer the case to Ohio, and on October 14, 1963, the court denied this second motion. In its opinion the court said:

> "Further the court is completely unconvinced that a transfer would really conserve judicial manpower. Plaintiffs have consistently stated that if a transfer were made, they would oppose consolidation; they have for the most part, refused to agree that discovery proceedings in the Cleveland cases may be used in this case; and it appears that this case, set firmly for trial on January 7, 1964, in this court will be reached, and (hopefully) will be decided before the Cleveland cases, which may be set for trial in April 1964, if the parties are then ready for trial."

On November 5, 1963, General filed a petition for mandamus to compel the transfer, which this court denied. See note 1 supra.

On April 15, 1964, the Maryland case began trial on a four day per week schedule.

In October 1965, there was disclosed to General a mem-

orandum in the handwriting of Mr. Irons, counsel for Firestone, concerning the meeting on March 17, 1961, with counsel for Goodyear and U. S. Rubber.

On April 18, 1966, there was disclosed to the court and counsel for both sides a transcript of the telephone conversation between Mr. McCreary and Mr. Birch which took place on May 9, 1961. The transcript was found in Mr. McCreary, Sr.'s desk after his death by Mr. Blenko, who had replaced Mr. Irons as counsel for McCreary Tire and Rubber Company.

On June 28, 1966, General again renewed its motion to transfer or in the alternative to dismiss the suit.

On September 26, 1966, the renewed motion was denied, and General again seeks from us a writ of mandamus.

Preliminary to the question of whether or not we should issue the requested writ is the question of whether or not we have jurisdiction to entertain the petition under 28 U. S. C. § 1651(a).[2] We think La Buy v. Howes Leather Co., 352 U. S. 249, 77 S. Ct. 309, 1 L. Ed. 2d 290 (1956), has clearly settled the question of this court's jurisdiction to entertain a petition under the All Writs Statute and to issue the writ under extraordinary circumstances. In *La Buy* the circuit court had issued the writ compelling the trial court to revoke orders of reference to masters in certain antitrust cases. The respondent insisted that the circuit court had no jurisdiction to entertain the petitions because the references would not prevent the appellate court from ultimately reviewing its action on appeal. The Court rejected this argument, saying that the question of the naked power to entertain the writ had long since been settled by the Supreme Court, and adding: "Since the

2. 28 U. S. C. § 1651(a): "The Supreme Court and all courts established by Act of Congress may issue all writs necessary or appropriate in aid of their respective jurisdictions and agreeable to the usages and principles of law."

Court of Appeals could at some stage of the antitrust proceeding entertain appeals in these cases, it has the power in proper circumstances, as here, to issue writs of mandamus reaching them." While this court has been extremely reluctant to exercise its authority,[3] we have not held that the court lacked jurisdiction to entertain the petition, and in United States & Wirtz v. Hemphill, 369 F. 2d 539 (4 Cir. 1966), the writ was issued in a case in which the action of the district court would have ultimately come before this court for review but we felt the issuance of the writ to be the only practical or adequate remedy for an abuse of discretion.[4]

In addition to the usual forum non conveniens arguments which it had offered in support of its motion to transfer General also contends bad faith and fraud on the part of the plaintiffs would justify either transfer or dismissal. It first contends that the Maryland suit was brought by Firestone at the behest of counsel for Goodyear and U. S. Rubber in order to divide the resources and energies of General between Ohio and Maryland and not as a bona fide effort to obtain an expeditious determination in a convenient forum of the rights of the nominal plaintiffs. In support of this contention it offers the memoranda which Mr. Irons, counsel for Firestone, and Mr. Fowler, attorney

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3. Cf. General Tire & Rubber Co. v. Watkins, 363 F. 2d 87 (4 Cir. 1966); General Tire & Rubber Co. v. Watkins, 331 F. 2d 192 (4 Cir. 1964); General Tire & Rubber Co. v. Watkins, 326 F. 2d 926 (4 Cir. 1964); Morehead v. Barksdale, 263 F. 2d 117 (4 Cir. 1959); Clayton v. Warlick, 232 F. 2d 699 (4 Cir. 1956); Clinton Foods, Inc. v. United States, 188 F. 2d 289 (4 Cir. 1951).

4. See also Schwab v. Coleman, 145 F. 2d 672, 156 A. L. R. 355 (4 Cir. 1944) (indefinite continuance by district court).

for Goodyear, made at the New York meeting.[5] It also points to the admitted fact that counsel for Goodyear and U. S. Rubber billed their clients for this meeting, although Mr. Clark claims the meeting was called at his behest and

5. "Defendant's Exhibit 1840

"Mr. Irons's Memorandum of March 17, 1961 Meeting Between Counsel for U. S. Rubber, Firestone and Goodyear.

(Original in longhand)

Mr. Fowler
Mr. Correa
Mr. Kenyon
Mr. Mandelbaum
Mr. Clark
Mr. Irons

Cahill, Gordon, Reindel and Ohl
March 17, 1961
10:30 A.M.

Mr. Kenyon—Want to start backfire and keep it burning—Where How. If A sues in its name Firestone sued in Cleveland. If Firestone joins w/Armstrong as Plaintiff.—Transfer more probable.

Mr. Correa: Fair chance would happen.

Mr. Kenyon: Problems are
(1) Make case stick
(2) Judge
(3) Cf. 2 Cir.
Discussion of 2 Cir panel
Depends on Panel.

Mr. Clark: Desire to file limited to E. S. I. and S. M. C. at least.

2-3-8

Gates (10). California (9).

While considering, keep mum in re clients *per se*.

Mr. Correa/Mr. Fowler: Good case for Transfer
Query—Check transfer law in 3 Cir. Dist. in Wilmington—Pitt District.

Continued on next Page

Note 5—Continued

Proposed approach to Attorney General to reverse position of Justice Department in respect to whether General Tire patent is within General Tire research contract.

Congress is in Washington.

Mr. Correa favors prompt conference with Justice Department, cf. timing in relation to proposed Firestone Case.

Mr. Correa
Summary—one appeals to Correa is suit on license alone in D. C. Mr. Kenyon concurs.

(Footnote continued on next page.)

for the benefit of Firestone and that counsel for Goodyear and U. S. Rubber were committed not to disclose to their respective clients what was said at the meeting. Secondly, General contends that bad faith was present in the insistence of Firestone and McCreary that McCreary was a wholly independent coequal plaintiff who was free to participate in the action without reference to Firestone's interests. In support of this contention it offers a transcript

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"Defendant's Exhibit 1826

"[Memorandum of March 17, 1961 meeting between U. S. Rubber, Goodyear, and Firestone. The original of this document is in the handwriting of Mr. Fowler, attorney for Goodyear.]

General v. Goodyear

Stan Clark, Irons—
Kenyon, Mandelbaum
Corren, JAF

Friday, March 17th

1. Armstrong Makes OER & buys it from Firestone—
2. General has given Armstrong notice & offered license—General has sent licenses to 16 or 19 tire companies—So the controversy exists—
3. Armstrong would not sue—Firestone must finance it & be in control—
4. What's the chance of the suit being transferred to Cleveland—
5. 2d (illegible) & 8th Circuits are possibilities—

Mat's suggestion:

1. Firestone file suit in District of Columbia for declaratory judgment on license—No diversity, no Fed. question.
2. General will have to file compulsory counterclaim for patent infringement—
3. Recent decision of Sup Court says suit cannot be transferred under § 1404(a) to a District Court where it could not originally have been brought—
   The original complaint could not have been filed in Fed. Court in Ohio—It is filed in Dist. Court in D. C. as the "municipal" Court—
4. Forum non conveniens—"

of a three way telephone conversation[6] which took place on March 30, 1961, between McCreary, Sr., then President of McCreary; Mr. Clark, house patent counsel for Firestone; and Mr. Irons, counsel for both plaintiffs in this case until sometime after Mr. McCreary, Sr.'s death, and

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6. "DEFENDANT'S EXHIBIT 1836

"[Transcript Made in Mr. Irons' Office of Telephone Conversation with Mr. Harry C. McCreary, Sr.,] 3/30/61

Irons Mr. McCreary, this is Mr. Irons, Hal Birch's partner, down in Washington. Stanley Clark from Firestone is on the other line.

Clark How are you this morning?

Irons We are about to reach a decision about what to do about General and what we would like to do, Mr. McCreary, is file suit in Baltimore using Firestone and McCreary jointly as plaintiffs to attack the General patent and to assert the rights under the government contract with Firestone as nominee. Mr. Beckett talked to you about this. I understand from him that this has been discussed with you and that you have no objection to it. Is that correct?

McCreary That's correct.

Irons Mr. McCreary, the thinking in this direction is that as far as the cost of the litigation is concerned with this office that you would be billed for it, but suppose there is a decision which is adverse. I don't know whether Mr. Beckett covered this with you or not but to the extent that you purchased your oil extended rubber from Firestone, of course Firestone would have to pay on that anyway, but you are not looking for Firestone to hold you harmless in that event with respect to rubber you purchased from them.

Clark I don't think you would go that far. We, of course, are going to fight this thing one way or the other. These people are asking 4¢ a tire; they are asking a little more than that on camelback. It amounts up to the total demand on the whole industry of about $6,000,000.00. You can figure out yourself what the 4¢ a tire will mean to your company. It may not mean as much to you as it does to Firestone.

McCreary I don't know about that. Firestone has lower costs than we have. I try not to worry about that.

Irons All I am saying is this. General has been going after the tire makers, not the rubber manufacturers and so far the rubber manufacturers have not and probably will not extend any immunity with respect to oil extended rubber with this sale to customers. Each tire company has to go ahead and take his own risk with respect to his patent. You run some risks in

(Footnote continued on next page.)

particularly the transcript of a telephone conversation between Mr. McCreary, Sr. and Mr. Harold Birch, a partner to Mr. Irons, which took place on May 9, 1961.[7]

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going into this suit. If we lose, you lose with us. You understand that?

McCreary Certainly. Certainly. If you fight without us and you lose, then I lose.

Clark If we sit back and don't do anything, we have lost just as surely as we sit here.

McCreary I would be glad to join with you and also do anything here I can.

Clark Wonderful. If we win, both of us are in free.

McCreary Well that I appreciate and I will try to show my appreciation by being just as active in this thing as I think you want us to be.

Irons We don't make many demands on you but there were to be—

McCreary We'll take care of our own travel bills and stuff like that.

Irons Hal Birch sends his regards to you Mr. McCreary.

McCreary Thank you and send mine to him. You will probably want some signatures.

Irons We may on some affidavits and any papers that will be of interest to you.

McCreary Keep us posted and we'll be guided by your office 100%."

7. The following is a transcript of the pertinent part of the telephone conversation:

"Voice No. 1: Hello, hello.
Voice No. 2: Hello, hello, sir.
Voice No. 1: Hello.
Voice No. 2: Can you hear me?
Voice No. 1: Yes.
Voice No. 2: Just a moment for Mr. Birch in Washington.
Voice No. 1: Right.
Voice No. 3: Hello.
Voice No. 1: Hello.
Voice No. 3: Hal Birch, Mr. McCreary.
Voice No. 1: Yes.
Voice No. 3: How are you up in Indiana?
Voice No. 1: First class.
Voice No. 3: Why, we've been going around and around and around with General, as you know, and we've got a little bit of a problem. There is a bit of a schism in their approach to McCreary as against Firestone, and we think they're probably trying to line up to say in the long run that McCreary can be transferred out because they are just Firestone's little patsy, and Firestone is paying the whole bill.

(Footnote continued on next page.)

In short General contends that the memorandum of Mr. Irons on the March 17, 1961, meeting discloses that Firestone was asked to start a "backfire" by U. S. Rubber for the purpose of delaying and disrupting the Ohio litigation; that this case was brought 3 days after such request;

Now, here is what we'd like to do, if it's all right with you, with full recognition that the agreement that was made between you and Stanley Clark is not going to, in the long run, change one tiny little bit. I don't want to put anything in the mail, and I don't want to talk about it too much, for obvious reasons.

Voice No. 1: Right.

Voice No. 3: What we would like to do is this: The relative production as between you and Firestone is about 99 to 1.

Voice No. 1: That sounds about right.

Voice No. 3: In other words, you are 1 per cent of their total business, tire business.

Voice No. 1: Right.

Voice No. 3: So what we would like to do would be to formally bill you folks for 1 per cent of the cost of this litigation, which this last month, would add up to the tremendous figure of $34.86.

Voice No. 1: I believe we could stand that.

Voice No. 3: If you could stand that—

Voice No. 1: I think s—

Voice No. 3: Well, that's about what it'll be monthly, and then if you could send us that amount of money just as if we were—

Voice No. 1: Right.

Voice No. 3: —Firestone didn't even exist.

Voice No. 1: Right.

Voice No. 3: Bearing in mind that—

Voice No. 1: Right.

Voice No. 3: —after this is all over with, why, everything will come out in the wash.

Voice No. 1: That's right.

Voice No. 3: Okay?

Voice No. 1: That's perfectly all right.

Voice No. 3: All right. Well, we didn't think you would have any serious—

Voice No. 1: Not at all, and I certainly don't want them to be able to split this thing apart.

Voice No. 3: Well, that is right, because what they have now done, I don't know whether Ed has talked to you about this recently, but what they have now done is move in Ohio to enjoin Firestone from proceeding in the Maryland lawsuit. Well, of course, we have already moved in Maryland to enjoin them from proceeding against Firestone in any other court.

Voice No. 1: Uh hum.

(Footnote continued on next page.)

that the parties recognized the possibility of a transfer to Ohio, and to prevent it McCreary was brought in as a co-plaintiff and represented to be an independent party while in fact there was a secret agreement that Firestone through joint counsel would completely dominate and control this case.

In a long and meticulous memorandum opinion filed by the court on October 17, 1966, the court reviewed the evidence concerning General's charges and found with Firestone on all points. It found that the New York conference was held at the request of Firestone's counsel; that Firestone did not start the Maryland suit as a "backfire"; that McCreary was not decided on as a party plaintiff until the day the complaint was filed, and that it was completely independent and chose the forum for its own convenience and because of its commercial activity in Baltimore. It further found that McCreary's agreement to pay one per cent of the expenses and attorneys' fees was a bona fide agreement and the only agreement between the plaintiffs with respect to the lawsuit, and that there was no agreement that Firestone would ultimately repay McCreary. The court thereupon denied the motion to transfer on the

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Voice No. 3: So this is—ah—in two courts now, and real interesting, but they did not move to enjoin McCreary.
Voice No. 1: Uh huh.
Voice No. 3: See?
Voice No. 1: Uh huh.
Voice No. 3: So we don't want to leave any stone unturned in case they should file an interrogatory and ask McCreary if they are paying their toll in this lawsuit.
Voice No. 1: I certainly—
Voice No. 3: Whatsoever.
Voice No. 1: I certainly want to be able to prove it.
Voice No. 3: Right. So what we want to do is to send you—and we'll send you a bill for both March and April.
Voice No. 1: Fair enough.
Voice No. 3: The March bill will be even smaller than the $34.00.
Voice No. 1: Well, that's quite all right.
Voice No. 3: (Laughter) Okay."

grounds that there was no attempt to practice fraud on the court and that in any event the court was not deceived about McCreary's relationship to its co-plaintiff.

We do not feel it advisable at this stage in the lawsuit to pass on the district court's findings and conclusions with respect to General's contentions of bad faith and misrepresentation to the court. Without denigrating the importance of these issues in the ultimate assessment of costs between the parties, we think that their resolution in favor of Firestone should not have been determinative of the motion to transfer. Indeed we think the court's preoccupation therewith caused it to overlook completely the factor which should have controlled the decision. That factor was the complete change of conditions which had taken place since the motion was originally denied. This failure resulted in an order which constituted an abuse of discretion.[8]

That conditions had changed is evident upon examination of the reason set forth in the judge's memorandum opinion filed on October 14, 1963, denying both the original motion and its renewal, i. e., that the Maryland case would be reached and tried before the Ohio case could be started. Furthermore, although the court concluded on October 14, 1963, and again on September 24, 1966, that its original denial of the transfer motion was not influenced by McCreary's presence as a party plaintiff, we think the subsequent settlement with McCreary on July 18, 1966, further strengthens the case for transfer at this time.

We turn now to our reasons for issuing the writ under the extraordinary circumstances of this case. We think the district court erred in its failure to weigh the impelling

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8. For an interesting discussion of the criteria which should determine the exercise of discretion to issue the extraordinary writ see: Mandamus Proceedings in the Federal Courts of Appeals: A Compromise With Finality, 52 Calif. L. R. 1036.

need for efficiency in the administration of our court system against the right of Firestone to continue the trial in a forum which no longer offered to it any convenience over the Ohio forum. Certainly the simultaneous trial of two suits in different circuits involving a number of identical questions of fact and law would result in a useless waste of judicial time and energy. Against the judicial time and effort already spent on the Maryland case must be weighed the fact that the Ohio judge either has been, or will have to be, "educated" in much of the same factual background whether or not the Ohio case against Firestone can be consolidated with its companion case against U. S. Rubber.

The United States Supreme Court considered the question of multiple litigation in the federal courts in Kerotest Mfg. Co. v. C-O-Two Co., 342 U. S. 180, 72 S. Ct. 219, 96 L. Ed. 200 (1952). In that case C-O-Two, owner of two patents, brought an infringement action in Illinois against a customer of Kerotest, manufacturer of the allegedly infringing item. Kerotest subsequently brought a declaratory judgment action on the same patents in Delaware. Later Kerotest was joined as a party defendant in the Illinois action. The Delaware district court stayed the Illinois suit as against Kerotest on the ground that the Delaware action had commenced before Kerotest became a party to the Illinois suit. The Third Circuit reversed, ordering the district court to stay its proceedings in the case until 10 days after final determination of the Illinois litigation. The Third Circuit refused to rest its decision upon so artificial a test as the chronology of the suits, but rather considered the test to be "whether the relief sought can be 'more expeditiously and effectively afforded [in the other suit] than in the declaratory proceeding'." The Supreme Court, in affirming the Third Circuit, said:

> "The Federal Declaratory Judgments Act, facilitating as it does the initiation of litigation by different

> parties to many-sided transactions, has created complicated problems for co-ordinate courts. Wise judicial administration, giving regard to conservation of judicial resources and comprehensive disposition of litigation, does not counsel rigid mechanical solution of such problems. The factors relevant to wise administration here are equitable in nature. Necessarily, an ample degree of discretion, appropriate for disciplined and experienced judges, must be left to the lower courts." 342 U. S. at 184, 72 S. Ct. at 221.

The Court also noted that "[t]he manufacturer who is charged with infringing a patent cannot stretch the Federal Declaratory Judgments Act to give him a paramount right to choose the forum for trying out questions of infringement and validity." Id. at 185, 72 S. Ct. at 222.

The Second Circuit, in Hammett v. Warner Bros. Pictures, Inc., 176 F. 2d 145 (2 Cir. 1949), stressed the expediency of avoiding multiple trials involving common issues. In that case, the issue was who owned rights to the character "Sam Spade," with Warner Bros. claiming rights under its copyright on *The Maltese Falcon*, and Hammett, the original creator of the character, claiming Warner's copyright covered only that book and not the character as it may appear in other books and stories. Warner Bros. commenced a suit in California, while Hammett brought a declaratory judgment action in New York. The Second Circuit affirmed the district court's dismissal of the New York action on grounds that all issues would be resolved in California. See also Alamance Industries, Inc. v. Filene's, 291 F. 2d 142 (1 Cir. 1961).

Our situation is factually different from both *Kerotest* and *Hammett* because the suit which is set to be tried in Ohio in March is against U. S. Rubber and not Firestone. Presumably General's Ohio suit against Firestone was not consolidated with the suits against Goodyear and U. S. Rubber because the Maryland district court had enjoined

General from prosecuting its Ohio suit. This difference necessitates our invoking a different remedy, but the principle to be applied is the same: maintenance of judicial economy. The prompt transfer of the Maryland suit to Ohio will make it available there for consolidation and trial in March with the suit against U. S. Rubber. In view of the complex and time consuming nature of patent cases, the advisability of consolidation is obvious. See Pharma-Craft Corp. v. F. W. Woolworth Co., 144 F. Supp. 298 (M. D. Ga. 1956). The district court, in its denial of General's second transfer motion, pointed out that Firestone had expressed a determination to fight consolidation if the case were transferred. While we suspect that Firestone might have a change of heart after transfer, in any event, its opposition would not be determinative of the issue. See American Photocopy Equip. Co. v. The Fair, 35 F. R. D. 236 (N. D. Ill. 1963). This record discloses no reason why consolidation should not be as feasible here as in the two other cases.

Since General's Ohio case against U. S. Rubber cannot be moved to Maryland and consolidated for trial with the pending declaratory judgment suit, we think the district court abused its discretion in not transferring the Maryland case to Ohio where it will be available for consolidation —the only way in which time and effort can now be saved. The traditional forum non conveniens argument is no longer available. Both parties are Ohio corporations with their main offices in that state. It is the center of rubber manufacture in the United States, and many if not most of the documents and witnesses are there. Firestone has made no serious argument to the contrary. The evidence indicates a high degree of forum shopping which we recognize as an inevitable adjunct to the congressional policy on declaratory judgment suits in patent litigation, but forum shopping must not be indulged in the face of mutiple litiga-

tion especially where, as here, the shopper is offered an equally convenient forum. See Caldwell Mfg. Co. v. Unique Balance Co., 18 F. R. D. 258 (S. D. N. Y. 1955).

We are aware of the distinction made by some courts of appeal between entertaining a writ of mandamus from an order of a district court denying transfer under 28 U. S. C. § 1404(a) and entertaining a writ when the district court granted transfer. E. g., In re Josephson, 218 F. 2d 174 (1 Cir. 1954). See LaBuy v. Howes Leather Co., 352 U. S. 249, 260, 77 S. Ct. 309, 1 L. Ed. 2d 290 (1957) (Justice Brennan dissenting). The reasoning is that extraordinary writs authorized under 28 U. S. C. § 1651 are to be issued only in aid of appellate jurisdiction, and since denying transfer does not deprive the appellate court of ultimate jurisdiction to hear the issue on appeal, issuance of the writ in such a situation in not properly in aid of the court's jurisdiction. On the other hand, if the district court transfers the case out of the circuit, the court of appeals is being deprived of its ultimate jurisdiction to review and, therefore, mandamus is deemed justifiable.

While the rationale of In re *Josephson* has merit where the issue before the court is whether the district court has abused its discretion in circumvention of the rights of the parties, we find it inappropriate in our situation. We are not concerned here only with the rights of private litigants which we feel in any event will not be impaired in the least by transfer.[9] Nor are we concerned only with the problem of whether or not we shall ultimately lose our

9. We agree with the statement of Judge Learned Hand in Magnetic Engineering & Mfg. Co. v. Dings Mfg. Co., 178 F. 2d 866, 869 (2 Cir. 1950): "We do not believe that our power to protect our own jurisdiction extends to protecting it as against the jurisdiction of another federal court of equal jurisdiction, or that a suitor has any legally protected interest in having his action tried in any particular federal court, except insofar as the transfer may handicap his presentation of the case, or add to the costs of trial."

jurisdiction to review to another appellate court. Rather, our interest is with effective administration and supervision of the courts of our circuit. It is obvious that if we postpone action until appeal after final judgment, the question will have become moot and the damage done. We do not believe that the rule developed in those cases was intended to prevent our acting in this extraordinary situation.

We are not here permitting use of mandamus as a substitute for interlocutory appeal, which is, with a few statutory exceptions, prohibited in the federal courts. See 28 U. S. C. §§ 1291-92. Rather, we are using the writ for a purpose for which we think it was intended—to correct a wrong to the court which otherwise can never be effectively presented on appeal. The order of the district court is reversed; the writ will be issued.

An appropriate order will be entered.

APPENDIX B.

WRIT OF MANDAMUS TO THE BALTIMORE COURT ENTERED BY THE FOURTH CIRCUIT COURT OF APPEALS, JAN. 12, 1967.

This Cause came on to be heard upon the petition of The General Tire & Rubber Company for a writ of mandamus and the motion of The Firestone Tire & Rubber Company, Intervenor, to dismiss petition for writ of mandamus, and was argued by counsel.

On Consideration Whereof, and the Court being unanimously of the opinion that the case should be transferred to the United States District Court for the Northern District of Ohio, Eastern Division, it is now here ordered that the petition for a writ of mandamus be, and it is hereby granted, and that the Honorable R. Dorsey Watkins, District Judge of the United States District Court for the District of Maryland, is ordered and directed to vacate his order of September 26, 1966, denying the renewed motion of The General Tire & Rubber Company to transfer Civil Action No. 12,932 or in the alternative to dismiss the suit, and to enter an order directing the transfer of the said civil action to the said District Court for the Northern District of Ohio.

APPENDIX C.

BALTIMORE COURT'S LETTER ORDER DENYING GENERAL'S FRAUD MOTION.

UNITED STATES DISTRICT COURT
For the District of Maryland

September 26, 1966

Norman P. Ramsey, Esquire
Charles J. Merriam, Esquire
Benjamin C. Howard, Esquire
Edward S. Irons, Esquire

Re: The Firestone Tire & Rubber Company, et al. v. The General Tire & Rubber Company—Civil Action No. 12932.

Dear Sirs:

For reasons which will be set forth in a memorandum to be filed in this case, I have decided to deny defendant's Motions for Transfer and for Imposition of Sanctions and Assessment of Attorney Fees.

If counsel desire oral argument on defendant's Petition for Stay of Proceedings, please so advise the court, indicate the probable length of argument, and suggest convenient dates.

Copies of this letter are being hand-delivered to Messers Ramsey and Howard, and mailed to Messers. Merriam and Irons.

Very truly yours,

/s/ R. DORSEY WATKINS,
United States District Judge.

APPENDIX D.

PORTIONS OF FIRESTONE'S ARGUMENT BEFORE FOURTH CIRCUIT COURT OF APPEALS.

(December 5, 1966.)

* * * * *

Mr. Irons (For Firestone): If the Court please, I don't think that Mr. Merriam has said anything that he did not say in his brief and which I think I have answered in mine. So I am going to make my comments rather brief and to the point about some of the things he did say.

Judge Haynsworth: I don't think he said a thing that wasn't in his brief, either, but maybe you can say something that wasn't in your brief.

On this tape Mr. Birch said he was relaying a message from you?

Mr. Irons: Yes, sir.

Judge Haynsworth: And he didn't know what it meant?

Mr. Irons: Yes, sir.

Judge Haynsworth: Can you tell us what it meant?

Mr. Irons: Yes, sir. I will answer your question as best I can, and when I finish I would like to make a comment not by way of explanation of what I say. I want to advert to this tape and do the best I can to answer the question.

I am looking for the transcript of the tape in this appendix.

Judge Haynsworth: Page 35.

Mr. Irons: Thank you.

Judge Winter: Appendix 35 of the Petition.

Mr. Irons: I might say that in my brief the questions

which were raised by Mr. Merriam are in effect answered on the record, but I want to answer this anyway.

Mr. Birch said, at page 36:

> "Now, here is what we'd like to do, if it's all right with you, with full recognition that the agreement that was made between you and Stanley Clark is not going to, in the long run, change one tiny little bit." And he went on to say, "After this is all over with, why, everything will come out in the wash."

The question which has been posed by Mr. Merriam is, what is the agreement that was made between you and Stanley Clark which was not going to change one little bit, and what is it that was going to come out in the wash? I will answer that question.

Judge Watkins' Opinion reflects there was an understanding reached about the date the suit was filed that Firestone would carry the bulk of the expenses in this litigation. Plaintiffs' Exhibit 1836 shows that Mr. McCreary was advised that he would have to pay his way.

Now, as Mr. Clark also testified, which is at page 72 of the Intervenor's transcript, we did not have at that time any specific basis on which the payment of fees was going to be apportioned, and Mr. McCreary wasn't advised of any, and we didn't tell him of any or discuss it with him.

Judge Haynsworth: If there was no understanding, what was the agreement with Mr. Clark that was not going to change one tiny little bit?

Mr. Irons: That Firestone would carry the bulk of the expenses in the litigation.

Judge Haynsworth: It was not that they were going to pay them all?

Mr. Irons: No, your Honor, it was not.

Judge Haynsworth: Well, then, why the suggestion "The agreement is not going to change one tiny little bit"?

And at the end "It will all come out in the wash"? "We are going to bill you for one per cent of the charges."

Mr. Irons: What I want to answer about that is in the context of what Mr. Birch said it is something I told him to say, and it is this: The proposition which was offered to Mr. McCreary at that time was that he would pay one per cent because one per cent was the relative production basis. All right?

Judge Haynsworth: That's consistent with the general understanding that Firestone would pay the bulk of the expense, 99 per cent.

Mr. Irons: All right.

Judge Haynsworth: But he says now this isn't going to change the agreement you have with Mr. Clark one tiny little bit. Your explanation is that it fixes an unspecific understanding.

Mr. Irons: My explanation is not finished yet, Your Honor.

Judge Haynsworth: All right, sir.

Mr. Irons: I want to come to the "It will all come out in the wash" part and why the telephone call was made. I am going to answer the second question first.

The phone call of May 9th was made to fix a basis for billing Mr. McCreary on a percentage basis.

Now, "Everything will come out in the wash." As I can best recall it, Judge Haynsworth, I had some preliminary concern about this because I knew there would be many, many months—Our firm bills on a monthly basis. The record shows McCreary was billed that way. There would be many, many months when we would not work at all for McCreary and we would still send McCreary a bill. There would be other months when one per cent wouldn't come close to perhaps the time we had spent working

for McCreary that month, and it was in that context, as far as what I meant, at the time I communicated to Mr. Birch that everything would come out in the wash, that these bills would balance out over a time period as the suit went along. And we suggested that if we went on this one per cent basis and billed on a monthly basis one per cent, there would be—this is not on the tape. This is what you asked me for, my explanation.

Judge Haynsworth: Yes, sir.

Mr. Irons: That's what I meant. If I said it in words or substance to Mr. Birch, this is what I meant and what motivated it, that there would be some months when we do no work for McCreary and bill them.

Judge Haynsworth: And in your practice I suspect with your clients, you have an understanding about fees like this, you write them a letter, don't you?

Mr. Irons: I don't think I have ever written a client about a fee arrangement. I am quite serious about that. There may be exceptions but I don't think of any.

Judge Haynsworth: Perhaps you don't. You have an understanding about it but you don't say, "I don't want to talk about it too much for obvious reasons or put anything in the mail."

Mr. Irons: I don't want to evade that one, either. Mr. Birch said that he did not recall that I said that. He said that he didn't want to talk about the firm's billing. That's his recollection. I don't recall that I said any such thing to him.

Judge Haynsworth: But isn't this a fact, that it is in the tape, "I don't want to put anything in the mail and I don't want to talk about it too much for obvious reasons"? Doesn't that strongly suggest that the understanding was pretensive?

Mr. Irons: I don't think it does at all. I don't agree with your Honor on that point at all.

Judge Haynsworth: Well, I am asking you whether or not it doesn't suggest it because I want to hear what you have to say. I am not saying that I have any conclusion in my mind but these questions do arise in my mind when I read this tape.

Mr. Irons: Quite properly.

Now, I want to say flatly that, of course, the agreement was not pretensive, and I want to come back to that. This business about not wanting to put anything in the mail, as I said, I don't have any present recollection of why I said it or whether or not I said it to Mr. Birch, but if I said such a thing, my own judgment about it would have been that this was in the context of litigation and I didn't want to create any more documents than were necessary, not because there was anything to hide at all but just because this is a practice we normally follow in litigation situations, and we do not write a lot of papers which are unnecessary, and I don't know that I have said it or thought it at that time—I am talking about some effort to reconstruct—on December 5, 1966, why I may have said such a thing.

Judge Haynsworth: And yet, offhand, wouldn't it seem that if there had been a general understanding that Firestone would pay the bulk of the expense, that McCreary would pay a fair share, that you would specify the understanding so that you would know exactly what would be billed and this is what we will put it on?

Mr. Irons: I don't want to argue with you, Judge Haynsworth. It was not done. But McCreary did pay one per cent of the expense up until the time the lawsuit was settled.

Judge Haynsworth: This is what was agreed upon here.

Mr. Irons: That's right. And McCreary settled, Mr. Merriam told Judge Watkins, for $100,000, and we didn't pay the bill and we aren't holding McCreary harmless, and there is no secret agreement.

To the extent that there is an adverse inference to be drawn from the comment about putting something in the mail, it is unfortunate because there is no fact or evidence—

Judge Haynsworth: Well, it starts out with about the first thing, "The reason I wanted to call you is that we want to avoid any inference that you are our little patsy, and the way to avoid it is to bill you for one per cent in the course of each month."

Mr. Irons: Yes, Your Honor, because the fact was that McCreary was (A) independent, was (B) paying its own way, was (C) not held harmless.

Judge Haynsworth: At this time is wasn't.

Mr. Irons: This time is May 9, 1961.

Judge Haynsworth: Yes, I know.

Mr. Irons: On March 30, 1961, Mr. McCreary in Defendant's Exhibit 1836 had been told two things: One, that he would have to pay his own way and two, that if he lost, we lost, and he wasn't going to be held harmless. At that point in time there had been no arrangement made as to how the fees were going to be divided. That remained to be done.

Frankly, our office overlooked, and it is probably I overlooked billing McCreary at the end of March. This was March 30th, our billing time for April came up early in May. It was necessary at that time to decide upon how McCreary was going to be billed. I am quite sure that's why that telephone call was made, and Mr. Clark himself said as to why the call was made, he supposed it was for that reason.

Now I want to come back to where I was about this "patsy" business. McCreary was not a patsy; McCreary was independent. McCreary did not have a hold harmless, McCreary was paying its own way, and if we were ever asked, I wanted to be able to show that we had, in fact, implemented this, which was in fact the agreement pursuant to which McCreary was paying its own way. That's why I wanted to bill them. That's why we did bill them just like we bill anybody else.

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APPENDIX E.

PORTIONS OF TRANSCRIPT OF THE PRETRIAL HEARING BEFORE CHIEF JUDGE BATTISTI, JUNE 14, 1968.

[p. 3]

The Court: Gentlemen, I sent the following letter to Mr. DeMarco for Firestone and Mr. Merriam for General Tire on June the 17th:

"On June 14th, 1968, at 10:00 a.m., I will inquire on the record whether either party desires to present additional evidence on the fraud issue, in the event the Court proceeds to hear that issue in the early fall of this year, and whether to dissolve the injunction against proceeding in the Cleveland case. I will further discuss pre-trial procedures to be undertaken by both parties during the summer."

Let's go to the first matter I raised. Mr. DeMarco, are you prepared to indicate to the Court whether you desire to present additional evidence on the fraud issue in the event that I proceed to hear it?

Mr. DeMarco: I am prepared to answer the question you make in your letter, yes.

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[p. 11]

[Mr. DeMarco:] Now, then, when and if your Honor is called upon to consider this motion, we believe it would be a disservice to you, we believe it would be a disservice to my client, not to place before you all of the evidence, all of the facts. We therefore, would not, of course, be content to rely on whatever may appear in the record, as

apparently General has already indicated, or did indicate in the last hearing that they would be willing [12] to do, under those circumstances, in complete fairness to you, but more important because this issue is so important to Firestone, because any finding such as is requested for by General would be regarded as so serious to be branded as one who perpetrated a fraud upon a court, that I would be derelict in my duty if I did not present to you all the evidence.

Therefore, answering directly your question, if your Honor please, yes, we would be constrained, we believe, to bring to you, either in person or by way of deposition, everybody that had anything to say or do or anyone who may have participated in what they contend for as being fraud, namely, the so-called backfire conference, also whatever information there may have been with respect to the conference, two telephone conferences and discussions.

We are not sure that this Court is in a position, in fact we are certain it is not in a position, to make such a serious finding without having before it all of the facts.

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